

## Message Text

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PAGE 01 CARACA 06797 031638Z

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 AF-06

EA-10 EUR-12 NEA-10 /141 W  
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P 031405Z JUL 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 9327

UNCLAS CARACAS 6797

E.O. 11652: N/A

TAGS: EGEN, VE

SUBJ: PREDICTED DROP IN 1976 OIL REVENUES

1. FINANCE MINISTER HECTOR HURTADO HAS PREDICTED AN ESTIMATED 5 BILLION BOLIVAR DROP IN GOVERNMENT INCOME FOR 1976, RESULTING IN PART FROM THE NATIONALIZATION OF THE PETROLEUM INDUSTRY. HE STATED, IN A JUNE 30TH PRESS CONFERENCE FOLLOWING HIS MEETING WITH PRESIDENT PEREZ, THAT THE EXPECTED DROP WILL BE CAUSED BY DECLINING OUTPUT RESULTING FROM REDUCED DEMAND AND VENEZUELA'S CONSERVATION POLICY, AND ALSO FROM THE TRANSITORY EFFECTS OF THE POST-NATIONALIZATION TRANSITION PERIOD. THIS WILL REQUIRE GOVERNMENT AUSTERITY PROGRAMS TO MINIMIZE IMPACT ON THE INVESTMENT FUND.

2. ACCORDING TO HURTADO, 1976 GOVERNMENT OUTLAYS WILL HAVE TO BE REDUCED BY ROUGHLY 10 PERCENT. THE INVESTMENT FUND, THOUGH REDUCED, WILL RECEIVE A PROPORTIONATELY GREATER SHARE OF THE TOTAL NATIONAL INCOME. AT THE JUNE 26-27TH MEETING OF THE GOVERNORS CONVENTION, HURTADO ALSO ANNOUNCED A 750 MILLION BOLIVAR CUT IN THE 1976

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PAGE 02 CARACA 06797 031638Z

STATE BUDGETS, HURTADO CALLED FOR MORE EFFICIENT

ADMINISTRATION OF STATE AGENCIES, TRANSFORMATION OF  
MONEY-LOSING STATE VENTURES, AND ENFORCED REFORM OF  
THE TAX SYSTEM TO OFFSET OIL REVENUE LOSSES WITH  
INCREASED TAX REVENUES. HE ADDED THAT 1975 OIL INCOME  
WILL BE 4 PERCENT BELOW ORIGINAL PREDICTIONS.  
SHLAUDEMAM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, GOVERNMENT REVENUES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**To:** STATE  
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